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~~Mr. Egan - new pls~~

ANNUAL
REPORT
1964

FINLAYSON ENTERPRISES LTD.

To the Shareholders of FINLAYSON ENTERPRISES LTD.

Your directors present herewith the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 1964. As forecast, the operations continue to show improvement. On a consolidated basis the operating profit after taxes of the Company totalled \$82,253 in 1964 as compared with a loss of \$54,957 in 1963.

Your Company's most important subsidiary, Stuart Brothers Limited, had an excellent year. Both the food flavour and the lime juice and oil operations of the Stuart Companies in the West Indies made a substantial contribution to the Company's total profit. The Griffiths-Kerr division, which wholesales bedspreads, had higher sales and profits. Record sales were achieved in the Dunhill subsidiary. The consolidation of the remaining agency lines in the Wood subsidiary resulted in reduced costs and this unit is now more than breaking even.

Grover Cast Stone Company Limited, which was largely responsible for the unsatisfactory results in 1963, showed a greatly reduced loss. The outlook for this subsidiary is much brighter.

The consolidated balance sheet shows the improvement in the Company's financial position. During the year the outstanding 7% notes, namely \$247,500, were repaid. There was also a substantial growth in the Company's net worth.

The Company's budget for 1965 forecasts continued profitable operations.

R. W. FINLAYSON

President.

TORONTO, ONTARIO, FRIDAY, FEBRUARY 5, 1965

AND SUBSIDIA

(With comparative fig

1964 1963

Cash on Hand and in Banks	\$ 55,681	\$ 32,941
Accounts Receivable, less allowance for doubtful accounts	484,693	453,972
Merchandise Inventories, at lower of cost and market	680,776	722,550
Cash Value of Life Insurance Policies	25,194	24,289
Prepaid Expenses	14,155	15,490
Corporation Income Taxes Refundable	2,049	3,231
Due from Foreign Subsidiary, not consolidated	3,977	8,927
TOTAL CURRENT ASSETS	\$1,266,525	\$1,261,400

INVESTMENT IN SHARES OF PRIVATE COMPANY—at cost.....	\$ 60,000	\$ 60,000
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(Not Consolidated).....	\$	7,464	\$	5,471
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Land, Buildings, Equipment, Automotive Equipment and Leasehold Improvements—at cost.....	\$ 485,987	\$ 492,380
Less: Accumulated Depreciation.....	187,749	179,560
TOTAL FIXED ASSETS.....	\$ 298,238	\$ 312,820

\$1,632,227	\$1,639,691
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JAMES M. DUNWOODY & Co.
Chartered Accountants

TORONTO, ONTARIO, 5th February, 1965.

ERPRISES LTD.

COMPANIES

as at 31st December 1964
(at 31st December 1963)

LIABILITIES

	1964	1963
CURRENT		
Bank Loan—(Secured)	\$ 251,000	\$ 126,000
Accounts Payable and Accrued Charges	419,589	385,129
Provision for Income and Other Taxes	34,827	13,088
Amounts Payable within one year on Deferred Liabilities	—	123,750
TOTAL CURRENT LIABILITIES	<u>\$ 705,416</u>	<u>\$ 647,967</u>
DEFERRED AND SECURED		
7% Notes Payable	\$ —	\$ 123,750
6% Deferred Loan	550,000	550,000
TOTAL DEFERRED LIABILITIES	<u>\$ 550,000</u>	<u>\$ 673,750</u>
SHAREHOLDERS' EQUITY		
CAPITAL		
Authorized:		
16,133 Class "A" Shares without nominal or par value		
100,000 Class "B" Shares without nominal or par value		
600,438 Class "C" Shares of par value \$1.00 each, of which 19,962 shares have been issued and redeemed		
Issued and Fully Paid:		
16,133 Class "A" Shares }		
49,934 Class "B" Shares }	\$ 221,233	\$ 221,233
EARNED SURPLUS, as per Statement attached		
Unappropriated	\$ 135,616	\$ 76,779
Restricted as to Distribution to Shareholders	19,962	19,962
	<u>\$ 155,578</u>	<u>\$ 96,741</u>
TOTAL SHAREHOLDERS' EQUITY	<u>\$ 376,811</u>	<u>\$ 317,974</u>
	<u>\$1,632,227</u>	<u>\$1,639,691</u>

NOTES:

1. The assets, liabilities, income and expenses of two foreign subsidiaries are consolidated at the rates of exchange in effect at 31st December 1964.
2. The Company has guaranteed the indebtedness of one of its subsidiaries, not consolidated, up to the amount of \$95,000.
3. The Company has issued a debenture to its bankers, representing a floating charge on the assets of the Company, for indebtedness to the bank up to \$1,000,000.
4. Options to certain key executives are outstanding with respect to 9,500 Class "B" shares exercisable at \$5.00 per share until 22nd January 1968 and a further 2,500 Class "B" shares are set aside for sale or option to executives.
5. The Company and some of its subsidiaries are involved in certain legal actions but the Companies have, with the advice of counsel, taken the position that the claims against them have no justification.

FINLAYSON ENTERPRISES LTD.
AND SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss for Year Ended 31st December 1964
(With comparative figures for year ended 31st December 1963)

	1964	1963
Profit on Operations for the year, before accounting for the undernoted items.....	\$ 266,560	\$ 136,891
<i>Add:</i>		
Income from Investments.....	\$ 6,080	\$ 2,000
Parent's proportion of profit of Subsidiaries not consolidated.....	2,192	—
	<u>\$ 8,272</u>	<u>\$ 2,000</u>
	\$ 274,832	\$ 138,891
<i>Less:</i>		
Directors' Fees.....	\$ 2,200	\$ 2,450
Legal Fees.....	6,225	8,100
Executive Remuneration.....	78,667	78,056
Interest on Indebtedness not maturing within one year.....	33,000	36,535
Provision for Depreciation and Amortization of Fixed Assets.....	36,719	41,144
	<u>\$ 156,811</u>	<u>\$ 166,285</u>
Profit or (Loss) before providing for Income Taxes.....	\$ 118,021	\$ (27,394)
Provision for Income Taxes.....	35,768	27,563
Operating Profit or (Loss) after Income Taxes.....	\$ 82,253	\$ (54,957)
1962 Provision for Income Taxes of Subsidiary no longer required.....	—	23,842
Adjustments of Prior Year's Operations.....	(7,580)	—
Net Profit or (Loss), carried to Earned Surplus.....	<u>\$ 74,673</u>	<u>\$ (31,115)</u>

Consolidated Statement of Earned Surplus for Year Ended 31st December 1964
(With comparative figures for year ended 31st December 1963)

UNAPPROPRIATED

Balance at beginning of year.....	\$ 76,779	\$ 196,481
Net Profit or (Loss), carried from Statement of Profit and Loss.....	74,673	(31,115)
	<u>\$ 151,452</u>	<u>\$ 165,366</u>
<i>Less:</i>		
Cash Dividends paid during year—		
Class "A" Shares.....	\$ 12,907	\$ 12,907
Class "B" Shares.....	—	11
Stock Dividend on Class "B" Shares.....	—	19,962
Transferred on Redemption of Class "C" Shares under Section 61 of the Companies Act.....	—	19,962
Life Insurance Premiums (net).....	2,929	767
Provision for Parent's proportion of Losses since acquisition of Subsidiaries not consolidated.....	—	34,978
	<u>\$ 15,836</u>	<u>\$ 88,587</u>
Balance at end of year.....	<u>\$ 135,616</u>	<u>\$ 76,779</u>

RESTRICTED AS TO DISTRIBUTION TO SHAREHOLDERS

(Surplus arising from redemption of Class "C" Shares under Section 61 of the Companies Act)

Balance at beginning of year.....	\$ 19,962	\$ —
Transferred during year.....	—	19,962
Balance at end of year.....	<u>\$ 19,962</u>	<u>\$ 19,962</u>
Balance at end of year, of which \$4,963 as at 31st December 1964 is tax-paid undistributed income, as defined in the Income Tax Act.....	<u>\$ 155,578</u>	<u>\$ 96,741</u>

FINLAYSON ENTERPRISES LTD.

DIRECTORS

R. W. FINLAYSON

H. SUTHERLAND

J. C. W. ARMSTRONG

G. A. BODDY

D. A. McINTOSH, Q.C.

R. H. HOPPE

H. T. O'NEILL

OFFICERS

President - - - - - R. W. FINLAYSON

Vice-President and Treasurer - - - - - G. A. BODDY

Vice-President - - - - - R. H. HOPPE

Secretary - - - - - H. SUTHERLAND

SUBSIDIARIES

FOOD FLAVOURS

STUART BROTHERS LIMITED & SUBSIDIARIES

PRECAST CONCRETE PRODUCTS

GROVER CAST STONE COMPANY LIMITED

DRUGS & TOILETRIES

W. LLOYD WOOD CO. LIMITED

SMOKERS' REQUISITES

ALFRED DUNHILL OF LONDON, LIMITED

TOILETRIES & COSMETICS

PALMERS LIMITED

REGISTRAR AND TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY

WINNIPEG, MANITOBA

BANKERS

THE BANK OF NOVA SCOTIA

TORONTO, ONTARIO

